

**Correction to the Proposed ESRD Drug Add-on Adjustment
Published in the Federal Register, August 8, 2005**

ESRD industry representatives have brought to our attention an error in the estimation of the market shares for the top ten ESRD drugs that we used in our calculation of the proposed drug add-on adjustment for 2006.

After an analysis of the 2003 expenditure data used to assign weights to the top ten ESRD drugs, we determined that our data did not appropriately account for three “J” code changes that were implemented in 2003. As a result the total expenditures for Iron Sucrose, Sodium Ferric Gluconate, and Calcitriol were understated.

In addition, the weight for EPO incorrectly included expenditures for hospital-based facilities. Since the purpose of the weighting was to allocate the drug spread to all other drugs paid using the proposed ASP+6% pricing, hospital-based data should not have been included because we had proposed to continue paying for other hospital-based facility drugs based on cost. The attached table shows the revised weights compared to the weights included in the proposed rule.

Using these revised weights, the proposed recalculated 2005 drug add-on adjustment should be 10.4 percent, and the proposed 2006 update should be 0.8 percent. The correct total drug add-on adjustment proposed for 2006 is 11.3 percent.

We note that for the final rule we intend to use more recent 2004 billing data to compute the final drug add-on adjustment for 2006.

Related Links:

- Revisions to Payment Policies Under the Physician Fee Schedule for Calendar Year 2006; Proposed Rule published at the Federal Register 08/08/05 (CMS-1502-P)
<http://www.cms.hhs.gov/providerupdate/regs/cms1502P.pdf>
- Correction notice to the physician fee NPRM (CMS 1502-CN) was published September 1, 2005
http://www.cms.hhs.gov/physicians/pfs/1502pcor_notice.pdf

Revised Table 22

Drug Name	Revised Proposed Weights	Published Proposed Weights
Epogen.....	69.33	77.83
Calcitriol.....	0.84	0.13
Doxercalciferol.....	1.48	1.74
Iron_dextran.....	0.23	0.38
Iron-sucrose.....	7.03	0.71
Levocarnitine.....	0.77	0.89
Paricalcitol.....	14.61	17.37
Sodium_ferric_glut.....	4.96	0.53
Alteplase, recombinant.....	0.56	0.18
Vancomycin.....	0.19	0.24